



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

Tuesday 16 November 2010

© Parliamentary copyright. Scottish Parliamentary Corporate Body 2010

Applications for reproduction should be made in writing to the Information Policy Team, Office of the Queen's Printer for Scotland, Admail ADM4058, Edinburgh, EH1 1NG, or by email to:
licensing@ogps.gov.uk.

OQPS administers the copyright on behalf of the Scottish Parliamentary Corporate Body.

Printed and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by
RR Donnelley.

Tuesday 16 November 2010

CONTENTS

	Col.
INTERESTS.....	1737
INTERNATIONAL ENGAGEMENT INQUIRY	1738
“BRUSSELS BULLETIN” SPECIAL EDITION	1771
“BRUSSELS BULLETIN”	1772
CROSS-BORDER HEALTH DIRECTIVE	1773
SCOTTISH GOVERNMENT TRANSPOSITION REPORT	1774

EUROPEAN AND EXTERNAL RELATIONS COMMITTEE

14th Meeting 2010, Session 3

CONVENER

*Irene Oldfather (Cunninghame South) (Lab)

DEPUTY CONVENER

*Sandra White (Glasgow) (SNP)

COMMITTEE MEMBERS

*Ted Brocklebank (Mid Scotland and Fife) (Con)

*Patricia Ferguson (Glasgow Maryhill) (Lab)

Jim Hume (South of Scotland) (LD)

*Bill Kidd (Glasgow) (SNP)

*Mr Frank McAveety (Glasgow Shettleston) (Lab)

*Bill Wilson (West of Scotland) (SNP)

COMMITTEE SUBSTITUTES

Jackson Carlaw (West of Scotland) (Con)

Ken Macintosh (Eastwood) (Lab)

Gil Paterson (West of Scotland) (SNP)

Iain Smith (North East Fife) (LD)

*attended

THE FOLLOWING GAVE EVIDENCE:

Danny Cusick (Scottish Development International)

Robin Naysmith (Scottish Government Culture, External Affairs and Tourism Directorate)

CLERK TO THE COMMITTEE

Lynn Tullis

Simon Watkins

LOCATION

Committee Room 6

Scottish Parliament

European and External Relations Committee

Tuesday 16 November 2010

[The Convener *opened the meeting in private at 10:35*]

10:52

Meeting continued in public.

Interests

The Convener (Irene Oldfather): Good morning and welcome to the 14th meeting in 2010 of the European and External Relations Committee. I have received apologies from Jim Hume.

Agenda item 1 was taken in private, so we will move to agenda item 2, which is a declaration of interests. I welcome Bill Kidd, who is a new member of the committee. I know that committee members would want me to express our thanks to Jamie Hepburn for his support and contribution in his time on the committee and to wish him well on the Public Audit Committee.

I invite Bill Kidd to declare any relevant interests.

Bill Kidd (Glasgow) (SNP): I am not certain whether this is relevant, but I am a member of the parliamentarians for nuclear non-proliferation and disarmament global council.

The Convener: Okay. We have taken note of that.

International Engagement Inquiry

10:53

The Convener: We will hear evidence from the Scottish Government and Scottish Development International. I welcome to the committee Robin Naysmith, who is head of the Scottish Government's office in Washington, and Danny Cusick, who is SDI's director of trade and investment for the Americas. I thank you both for coming. We are working to quite a tight timescale, but I understand that you will make some short opening remarks.

Robin Naysmith (Scottish Government Culture, External Affairs and Tourism Directorate): Thank you, convener. I welcome the opportunity to contribute to the committee's international engagement inquiry.

When I appeared before the committee in February 2008, I had been in post as Scottish Government counsellor for only a few weeks. I said then that I thought that the three biggest challenges that I faced were building on the work of my two predecessors to progressively raise Scotland's profile in North America and build important new relationships for Scotland; to overcome the challenge of scale and geography that comes with trying to reach a market of more than 330 million people in two countries that, together, are more than 250 times bigger than Scotland; and to

"add value by improving the co-ordination of activities by the Scottish Government and its agencies"

that operate in North America

"to support the Government's overarching strategic objective of increased sustainable economic growth."—
[*Official Report, European and External Relations Committee*, 5 February 2008; c 374.]

Those challenges remain as relevant today as they were in February 2008, but we have made progress. Nearly three years on, we have established a team Scotland approach to the promotion of Scotland in North America that maximises the contributions of the Scottish Government and key partners in, for example, Scottish Enterprise, Scottish Development International, VisitScotland, Historic Scotland and Creative Scotland. As a result, the activities of team Scotland in the US and Canada are now better co-ordinated, more credible and better value for money.

We have developed some important new strategic relationships for Scotland, for example with the Inter-American Development Bank, the National Institutes of Health, the US Library of Congress and the US Congress itself. Those are relationships that we will continue to nurture.

We have also extended our reach. In February 2008, when reporting on our previous visit, you suggested, convener, that our engagement had been very much focused around New York and Washington. We listened to that, and we have now extended our promotional activities to such geographically diverse locations as Texas, California, North Carolina, South Dakota, Tennessee, Kentucky, Washington state, Wisconsin, Nevada, Georgia, Pennsylvania, Massachusetts, Virginia, Illinois, Ohio, New Hampshire and Oklahoma; and, in Canada, to British Columbia, Ontario, Alberta, Manitoba and, of course, Nova Scotia.

Turning to some specific achievements over the past three years, I highlight the refocusing of our promotional activities around tartan day, on 6 April, with three successful Scotland weeks, each of which has delivered under budget and has provided a much more business-focused platform for the promotion of Scotland's key economic and strategic objectives in as many as 16 different cities across North America. Danny Cusick can say more about the value that that has added to our trade and investment activities in North America.

Our refreshed and comprehensive USA plan, which was published on 4 July this year, focuses on the role of Government, including agencies, in adding value to Scotland's engagement with the USA and Canada and in maximising the economic opportunities. We are continuing to work to develop our capacity to engage more effectively in Canada—and I will say more about that in a moment.

The friends of Scotland caucus in the US House of Representatives is growing, and a parallel caucus is being formed in the Senate. There are exciting partnerships with prestigious organisations such as *National Geographic*, which is working with us to promote the saltire prize for innovation in marine energy technologies. There is an agreement between Historic Scotland, the Glasgow School of Art and the US National Park Service to scan and digitally capture the iconic Mount Rushmore. There is a collaboration with the US Library of Congress in Washington DC, which staged a memorable symposium on Robert Burns during the year of homecoming. There is an exciting partnership between National Galleries of Scotland and the High Museum of Art in Atlanta, Georgia, which is currently showcasing some of Scotland's artistic treasures. My own personal favourite was during Scotland week 2010: we were the first foreign nation to secure a permanent memorial, which is to the Scots who died at the Alamo in Texas in 1836.

As for future challenges, we need to keep working on the team Scotland approach,

demonstrating the added value of better co-ordination of our collective activities to ensure more bang for our collective buck—be it the US or Canadian dollar. With the impending publication of our plan for engagement in Canada, we need to set realistic objectives and to recognise that we are starting from a different baseline in Canada compared with the USA. Nonetheless, there is enormous good will to be tapped, and opportunities such as the 2014 Commonwealth games in Glasgow can help to cement our engagement with Canada.

We must recognise the importance of long-term investment in our engagement with the US and Canada. It takes time to build and nurture strong relationships, to identify the most promising opportunities and to realise the full potential of that investment.

I never expected to crack America and Canada in three years, but I believe that we are making progress. I will be happy to take questions.

The Convener: Before moving on to questions, we will also hear from Mr Cusick.

Danny Cusick (Scottish Development International): Thank you for the invitation. I am delighted to have the opportunity to participate in this morning's discussions. I have the great privilege of heading SDI's Americas operations. I have been in the post for exactly two years, and my team covers all the Americas—including the USA, Canada and South America. We have 30 staff, based in six offices throughout North America, structured on a regional basis. We have offices in Boston and New York, covering the east, in Chicago and Houston, covering the central region, in San Jose, covering the west coast, and in Toronto, in Canada. We have three incubator facilities for Scottish companies in three of those offices—in Boston, Houston and San Jose.

11:00

SDI's role is essentially that of Scotland's international sales team. We deliver four primary functions. We have a role to increase the internationalisation of Scottish companies, primarily through trade development; we attract foreign direct investment into Scotland and promote our key sectors; we promote Scotland as a vibrant place to do business; and we promote Scotland as a place to work for talented individuals.

SDI itself is a joint venture between Highlands and Islands Enterprise, Scottish Enterprise and the Scottish Government. We work with our partners to contribute positively to the Government's economic strategy. We are sector led, but we are also opportunity driven. I deliver our operations in accordance with SDI's strategy,

as agreed and endorsed by the SDI management board, which has representatives on it from Highlands and Islands Enterprise, Scottish Enterprise and the Scottish Government. When it comes to the wider aspects of our activity, I deliver very much in accordance with the specific US plan.

The United States is by far Scotland's largest, most important market, both in terms of trade and export and in terms of foreign direct investment. The export figures from 2008 come to £3.1 billion, which is double the nearest other country market, and that is a 30 per cent increase since 2004. This operational year, we will assist about 300 individual Scottish companies that are trying to access the American market.

The United States is also the main market by far for foreign direct investment into Scotland, with more than 500 US companies based in Scotland employing more than 100,000 people. That represents about a third of all foreign direct investment capacity in Scotland. Over the past five years, Scottish Development International has delivered 137 projects from North America, creating or safeguarding more than 11,000 jobs.

As regards our set-up, we are fortunate to have a network of powerful and influential global Scots in North America, on whom we rely to help us deliver our objectives.

The challenges will remain extremely difficult in the times that lie ahead. We have to focus, while aiming to add value and compete. My team and our partners will continue to maximise our collective efforts to make Scotland more globally competitive.

I hope that that gives some useful context. I am happy to take questions.

The Convener: That has been a helpful introduction from our witnesses.

I will start, Mr Naysmith, with something that has been a bit of a bugbear for the committee. The North America refresh plan was two and a half years late. Is that your responsibility? When was Canada added to the portfolio? In what timeframe would you expect to have some kind of engagement plan relating to Canada?

Robin Naysmith: They are both my responsibility. I will start with the latter part of the question, about Canada. Publication of the Canada plan is imminent; it is with ministers at the moment. I hope that you will see it very soon. One of the key things that we have been concerned to do this year has been to build capacity in Canada. Danny Cusick can tell you a bit about the history of our resources in Canada, but I remember a member of the previous committee questioning the fact that we had only one or one and a half

members of staff in Canada working with SDI. We were concerned that producing an ambitious plan for Canada with no resources behind it would be difficult to sell as credible. We have therefore been working to build up our capacity in Canada. The last time Danny and I were in Scotland, we interviewed for a new regional manager's post in the Toronto office. Tomorrow, I am interviewing for a second post in Canada. There will also be a third post. By the end of the year we will have three staff in team Scotland in Canada, which will give us a more credible resource with which to implement the plan.

The USA plan was published on 4 July—which was a bit later than anticipated. I told the committee in February 2008 that I would not be rushing to produce the plan.

The Convener: And you certainly did not.

Robin Naysmith: As you might know, the previous plan was produced in October 2006, which was only seven or eight months before the May 2007 election. It was well researched and well received. In 2008, it was hard for me to say that the objectives in that plan were wide of the mark. As Danny Cusick said, the US is a huge market and offers a huge opportunity. The approach taken in the previous strategy was sensible and I thought that it would have been presumptuous of me, early in my time in office, to come in and attempt to rip it up and start again. So we concentrated on shaping our engagement differently, shifting our priorities and coming up with an approach that we felt would take us on to the next stage. I believe that the plan that we produced earlier this year does that, and I am happy that it built sufficiently on the previous plan to progressively raise our engagement in the way that I suggested at the beginning of my remarks.

The Convener: You mentioned resources. How many staff do you have in your Washington office?

Robin Naysmith: There is me and three staff.

The Convener: So four altogether. What is your office budget, outwith Scotland week?

Robin Naysmith: Do you mean the programme budget or the cost of the office?

The Convener: When Susan Stewart gave evidence to the committee, she said that her budget at that time was £250,000, excluding any costs associated with Scotland week or tartan week. I am looking for a comparable figure from you. I am not sure whether her figure included staffing costs.

Robin Naysmith: I am not sure of the basis on which Susan Stewart provided that information. We have financial scrutiny unit information that you will have seen—I will quote those figures for the avoidance of confusion. In the information that

we provided to the FSU, the staff cost was £305,000, office costs were £26,000 and programme costs were £222,000. That came to a total of £553,000.

The Convener: Thank you. We were unfortunately unable to visit you, as was the committee's intention. It would be helpful if you would both talk us through what an average week is like for you. I suppose that, like us, it is difficult for you to have an average week, but we are looking for a flavour of your interactions with the stakeholders that you meet weekly or monthly—the kind of thing that we missed by not being able to make that visit.

Robin Naysmith: I will have a go. I agree with you—I am sure that colleagues who have been over before will confirm this—that there is nothing quite like being there and seeing the interaction for yourself.

I am afraid that it is impossible to describe an average week because there is no such thing. If I may, I will give you a flavour of what I did in the past week to 10 days. It might be skewed in one particular direction, but that is just because of the season that we are in. About 10 days ago, I was invited to Philadelphia because the Scottish Chamber Orchestra was completing a tour of four or five US cities and holding a reception at the Kimmel Center, a prestigious venue in Philadelphia. The reception was partly sponsored by Aberdeen Asset Management, which is one of our big finance houses. I was keen to go along and support the chamber orchestra as one of our cultural exports, but I was also keen to meet members of Aberdeen Asset Management because it is a significant presence in Philadelphia as well as a significant Scottish financial company and I had not previously had an opportunity to meet them.

Later that week, I met some people from the Edinburgh festival who were in Washington because the Kennedy Center there featured an eye on the fringe event to promote the festival. I met a number of people from the fringe who were over to promote it and I attended a Scottish production that was originally a success at the Edinburgh fringe and that played last week at the Kennedy Center. That was great for them.

I made another visit to Philadelphia in the same week because an organisation called the British American Project, which is one of those exchange schemes introduced just after the second world war, was having its 25th anniversary dinner. Its 2009 conference was held in Edinburgh and I helped to facilitate it, so I was invited to the next conference as a guest. I met some useful business contacts and others who were pro-Scotland. Early this week, before I left Washington, I met people from the fringe again

who reported back on their activities in Washington. There was a cultural flavour to last week because that just happened to be what I was doing.

Danny Cusick: I echo that there is generally not a typical week. If you were to visit the States, it might be that many of our staff were not physically in place because we spend an enormous amount of our time on the road. On a typical daily and weekly basis we engage with our clients—existing companies and inward investors in Scotland—with whom we hold key stakeholder meetings, or we are out prospecting for new business by following up new leads or a previous contact. We might be working on behalf of a Scottish company that might be in-country and we would support it with a specific visit programme, or we might plan a visit programme for a company. We might also be planning a major event or an exhibition, or a mission for which we would bring groups of companies over to Scotland. We might be delivering an event.

Last week was probably not typical, but its individual components were typical in that a lot of things were happening at the same time. I had the good fortune to have the Scottish Enterprise chief executive, Lena Wilson, in New York. As part of her visit, we put together a series of company meetings with key existing investors. Those clients were either interested in potential projects or their involvement in projects had been secured. The meetings were about maintaining strategic relationships at a high-end level.

We had a globalscot connect event—a one-day conference—in New York attended by 40 global Scots from North America. Forty Scottish companies attended that globalscot event, the key theme of which was leadership. It was also an opportunity to ensure that we facilitated important one-to-one meetings between the global Scots and the Scottish small to medium-sized enterprises that were over to try to tap into that global Scot expertise.

As part of that week in New York, we had a learning journey of 14 Scottish companies who were over for a week in New York and Boston. They also participated in the globalscot connect event where they met some of our major inward investor companies with which we have relationships in order to find best practice in leadership and its development. Among the companies that we met there were IBM, Bloomberg and Pfizer—some of the top names. To give you an idea of their magnitude, the aggregated turnover of the Scottish companies is something of the order of \$300 billion. That learning journey finished in Boston where the participants spent a day at the famous Babson

College's management division where they learned about leadership principles.

We held a Saltire Foundation event in New York last week at which we brought together the interns from the Saltire fellowship programme who are the leaders of tomorrow. We were also able to link that event to the globalscot event so that the interns could meet the Scottish companies.

You can see that we had a full programme of activity last week. Individually, those events are typical of what we do, but it just so happened that everything was happening in the same week. We very much focus on our clients and customers. We also have to do the internal stuff and ensure that we liaise continually with our colleagues back here in Scotland and elsewhere.

11:15

The Convener: Many of my colleagues want to come in, but before I ask them to do so, can I ask each of you how you define success? Success is mentioned at various points in the refreshed North America plan, and we hear that there have been 18 successful ministerial visits. I am aware, as you probably are too, Mr Cusick, of the Economy, Energy and Tourism Committee's recent report. I know that it relates to SDI across the board and that you are responsible only for the Americas, but it makes a number of points about Scottish manufactured exports being in decline and about Scotland moving from second to fifth in the ranking of regions. I wonder how each of you measures success. I recognise that it is important to have cultural contacts and meet people, but what are we actually getting out of you? What do you bring back to Scotland? Will you give us some examples?

Danny Cusick: We are unequivocal about that. At the end of the day, our success has been measured on what we deliver and what our clients deliver. We are business focused and business oriented. There are two key measures or indicators. One is on inward investment, and the success there is pretty black and white. It is about the number of projects that we secure that come to Scotland or are safeguarded for Scotland. We measure that by looking at the total number of jobs and also the number of high-value jobs. The main indicator is the number of high-value jobs, which are those that are more important and less susceptible to being moved out at some later stage. In North America, we have secured just under 400 high-value jobs and about 1,300 jobs in total in the current operational year. I am pleased to say that we are on track to reach our targets for the end of the year, and that is in very difficult market conditions.

The second measure relates to our work to assist Scottish companies. Again, it is very much about not just the number of companies that we assist, but the value of those contributions. In the current operational year we have assisted about 180 individual companies and indications show that the figure for the future sales of those companies is about £60 million. That is not £60 million that will be generated this year, because the figure is for future sales. The measure is very much about future sales activity. We have to recognise that the measures are long term. We might speak to a client or potential client about inward investment today, but it might take two years for that to come to fruition. Equally, when we help a Scottish company to access the US marketplace, whatever introduction we make, be it through a collective exhibition, a mission or a one-to-one, it can take a considerable time for the sales to transfer through.

Success has to be about our gross value added. Where Scottish Development International assists Scottish companies to internationalise, the GVA return is about 7:1. That is based in essence on our contribution and what the companies will generate by way of future activity. On the inward investment side, the GVA ratio is about 11:1. If we aggregate those, the GVA return is roughly 9:1. Those are the measures that we have clearly tried to establish.

There are other, softer measures. I can illustrate that by referring to last week's learning journey, which involved 14 Scottish companies. That programme was not run to generate sales. It looked at how the companies are directed and how they will take forward leadership development. It is difficult to measure the impact of such activity in the short term, but I am already receiving e-mails from companies that say that it was one of the most dynamic and informative programmes that they have been on and that they will take some of the learning outcomes from it as they develop their businesses in the future.

Some of what we do is fairly complex, but the measure ultimately comes down to what we are delivering for Scotland, and that is either high-value jobs through foreign direct investment or the ability to increase the capacity and capability of Scottish companies to access international markets and grow.

Robin Naysmith: When I described my typical week, I omitted to mention that I also took part in the globalscot event and the Saltire Foundation reception in New York. It is all a bit of a blur now, but that is important in demonstrating the extent to which we are, as I said in my opening remarks, more joined-up in our promotion of Scotland's economic offering. I would probably put that as one of our success criteria. We are trying to

achieve a set of activities that are much more focused and have line of sight to the Government's economic strategy, the international framework, and the key priorities that have been set for us. Whether it is trade and investment, promoting education, promoting tourism or whatever, it is important to be clear about what we are doing.

The 18 ministerial visits that you mentioned—I think there have now been 19—take quite a bit of work to plan and prepare for. We have been careful to try to ensure that the purpose of those visits is clear and that they support the economic work that SDI is trying to do, but also that they open new doors for Scotland. I would see one of my biggest successes as being able to open new doors for Scotland and establish new relationships with the kind of partners that I mentioned in my opening remarks. Those relationships can have a short-term return or they can take a while to nurture and be longer term relationships for the future, but through them we can encourage more people to see Scotland in a modern context and to see the full range of our offering.

I do not necessarily want to make too much of a contrast here, but many thousands of Americans and Canadians have a particular view of Scotland that comes from attendance at Highland games and things like that. That is a rich ground for people who are well-disposed towards Scotland, but it is perhaps not typical of what we have to offer today. Some of the cultural things that I mentioned earlier are about shining a light on what is happening in Scotland today and encouraging people to think about Scotland in a different context as a place to visit, a place to invest in, a place to send their children to school in, or whatever.

To use Danny Cusick's word, those outputs are a bit softer. They are about creating a different perception of what Scotland is about through relationships, through exposing people to a different experience of Scotland, and through opening doors.

The Convener: I will probably want to pick up on some of those points, but I will let some of my colleagues in first.

Sandra White (Glasgow) (SNP): I want to capture the phrase that you mentioned: "joined up". It has been interesting looking through the paperwork, and your evidence has been interesting as well. You mentioned the fact that you have moved outwith New York and into other areas. The Scottish affairs office has been based in Washington since 2001. I wonder how closely you have joined up with SDI, VisitScotland and so on.

I was not around when Susan Stewart was here in 2004, but she made some observations that I find quite interesting about public diplomacy and raising awareness. That seemed to be her interpretation of the Scottish affairs office. Has it changed in any way? She also mentioned the fact that the office was setting up a website to join things up and point people—businesses and Scots—to various areas such as SDI and VisitScotland.

I am trying to ask about joined-up thinking. I know that you have been in post only for the past two years, but just how joined-up has it become? Danny Cusick mentioned working with more than 40 businesses from Scotland. Does that include contacting Robin Naysmith and getting together? You have a large area to cover—America and Canada as well—but how joined up are services for Scottish businesses that want to go over there and American businesses that want to come here? I particularly draw your attention to the globalscot network. How closely do you work with that? One criticism that the committee and other committees have made is that it seems that only the larger companies can feed in to the globalscot network in cities. Will you expand on that and explain how you work together?

Robin Naysmith: As I said, I believe that we are much more joined up now than previously. I am aware of the experience of my predecessors and have discussed it with them. As part of my appointment, I was tasked with trying to join up the various agencies in a much more deliberate way. I believe that we have done that. There is no ministerial visit—indeed, scarcely any event—that either my office or Danny Cusick's offices in the USA and Canada are not involved in and in relation to which we do not collaborate. The biggest and most obvious example of such an event is Scotland week, which is a predominantly business-focused programme, with other events around it to raise its profile. All three ministers who took part in Scotland week 2010 conducted business meetings. They interacted with more than 20 companies and met a number of companies in business-focused receptions. We planned that programme jointly.

Shortly, Mr Lochhead will visit the USA to promote Scotland's year of food and drink. Again, that theme concerns one of our key sectors. A great deal of the visit will involve meeting companies to promote Scottish food and drink. There will also be a bit of public diplomacy and a bit of politics around addressing some of the issues that are barriers to trade in food and drink. That is another example of an event in which there is joined-up working.

In general, we do not put together any programmes of visits that do not have that

connection, because that is a way of ensuring that our focus is, as far as possible, on the economic development opportunities. In that regard, you mentioned the globalscot event, which I attended and which Danny Cusick can tell you about in detail.

The Convener: How will you measure the success of the Scottish food and drink visit? That seems like an interesting promotion, but how will you measure whether it has worked?

Robin Naysmith: As I said, some of the issues around individual projects and investments are difficult to measure in the short term. A number of companies will be involved in that visit. I do not know how far down the track they are at this stage with regard to their decisions to invest in Scotland. They might be close to that decision or they might be brand new prospects to whom we will be showing a market that they might not have been aware of previously.

As I said, there will be some politicking and public diplomacy around barriers to trade with regard to some Scottish produce. In a sense, that will involve lobbying the US Administration. I will not know the outcome of that for some time—we might be successful in lifting some of those barriers or we might not.

The measurement of the outcomes depends on the individual visit. If we deliver the visit according to our objectives and achieve what we want to achieve in terms of who the minister sees, what he gets out of that and what we leave with our customers—to use that word in its widest sense, meaning business customers and the US market—we will regard the visit as a success. However, as Danny Cusick said, the hard outputs might come further down the track, or they might not. It is possible that such visits will not convert to real business opportunities. That is the nature of the game that we are in.

Danny Cusick: With regard to joined-up working, I echo what Rob Naysmith has said. I have been in post for only two years but, from my observations so far, we are joined up and there is a great deal of transparency in what each of our offices does. Where it is appropriate for us to engage in joint activity—it will not always be appropriate, of course—we plan that and try to ensure that we can leverage that joint activity. For example, Robin Naysmith and another Scottish Government official participated in last week's globalscot event and in the recent learning journey to the US that was undertaken by Scottish companies. Their participation was not simply in the role of observers; they were there as part of the Government, as an endorsement of the importance of leadership in relation to economic development.

You made a good point with regard to the issue of the global Scots and SMEs. Our global Scots are anxious to be utilised as much as possible. We will try to maximise the global Scot input into every event that we put on in the States. The offshore technology conference that is held in Houston every year is the largest energy event in the world, and we take around 40 or 50 companies to the conference every year. This year, 14 global Scots attended the Scottish pavilion. Most of the companies that we take to the conference are SMEs, as are the vast majority of the companies that we deal with in relation to trade development—we are not going to tell the Royal Bank of Scotland how to export products to the USA, although, having said that, I should say that we have worked with some major companies in other markets, particularly China and India. In order to enhance the experience of the companies during the conference, we facilitated around 120 one-to-one meetings with our global Scots throughout the day, which allowed the SMEs to try to access business opportunities or to seek advice on their market-entry strategy or the product or service that they provide.

We do that sort of thing at every event that we can. Wherever possible, we try to maximise the exposure that SMEs have to the global Scots.

With regard to measuring success, we recently organised a programme for David Kilshaw, the chairman of Scotland Food & Drink, which involved visiting key potential customers for Scottish companies in Canada. Earlier this year, we conducted a similar event that resulted in tangible success. Through one of our global Scots, a gentleman called Jody Hall, who works for a Texas-based retailer called H-E-B, we were able to get Mackay's an order worth about £160,000. Mackay's preserves are now in all of H-E-B's 270 stores in Texas. Last year, we introduced Klinge, the East Kilbride-based manufacturer of LoSalt, to Whole Foods Market, which is a major retailer across the US, and LoSalt is now in every Whole Foods Market store across central North America. Further evidence of our joined-up approach is the fact that Whole Foods Market is about to open its first store in Scotland, in Glasgow. That is a result of our ability to influence the company regarding trade opportunities and the possibility that it might develop its operations in Scotland.

11:30

Sandra White: I mentioned the website, which you have not touched on. Could you comment on that?

The Convener: I, too, am interested in the website.

Robin Naysmith: In the US plan, we gave a commitment to develop a microsite for the USA. I am not an expert on the technical side of that, but I hope that it will go live by the end of this month.

The Convener: About six years ago, Susan Stewart told us that she was actively considering the website. Am I right in thinking that there has been no progress until now?

Robin Naysmith: We have had the Scotland.org site for a few years. It has always provided links to US activities. We are talking about creating a specific website for the US, and I hope that that will be in place by the end of the month.

The Convener: When Susan Stewart appeared before the committee, she said:

"My website will be primarily for an American audience. I am speaking to designers about the issue, but, in essence, I envision a Scotland in the USA website, which will be a portal to many other sites that give specific information."—[*Official Report, European and External Relations Committee*, 30 November 2004; c 959.]

She said that her office got inquiries from a range of people, and that the website would be up and running soon. However, we will watch this space.

Bill Wilson (West of Scotland) (SNP): If I understood you correctly, Mr Naysmith, you said in your opening statement that you were criticised for concentrating too much on New York and Washington. You then gave us quite an impressive list of 12 or 15 states that you have moved into since then.

Robin Naysmith: I referred to 17 states.

Bill Wilson: Okay. Can you give me an idea of what percentage of their time your staff spend concentrating on those 17 states as opposed to New York and Washington?

Robin Naysmith: I am not sure that I can give you a percentage. To some extent, that focus has come on the back of our three Scotland week programmes, in which we have deliberately sought to take the programme activity beyond New York and Washington. We have worked with SDI and VisitScotland to look at what cities would have the best prospects for us—those that might have most to offer—which has taken us to places such as Chicago, San Francisco and Texas.

In addition, we have taken a more reactive approach to opportunities for participation that have not been driven by the Scottish Government. This week, there are Scottish Government colleagues in Oklahoma at a world creativity forum that has brought together people from all over the world to look at the creative industries. We did not organise that event, nor did we choose to go to Oklahoma; we facilitated our colleagues in making a judgment about whether it would be a good

investment of their time to go there and they chose to do so.

Our approach involves a combination of rational targeting of activity and the making of judgments about where the opportunities lie and how we can take advantage of them. I mentioned the events in Pennsylvania. I was not involved in determining that the Scottish Chamber Orchestra would go to Philadelphia, but that gave us an opportunity to do a bit of business at the same time as supporting the SCO in its efforts.

I could not give you a percentage. We are based in Washington, so that is our default position. It is very easy to get to New York from Washington and there is quite a lot of business to do in New York, which is why we continue to spend time there. However, apart from last week, I have probably not been to New York since Scotland week in April, because I have travelled around the US quite extensively.

Bill Wilson: You said that you had four staff, including yourself. I understand your inability to give me an exact figure but, if we assume that half your staff's time is spent branching out into new areas, that would mean that you had two staff members to cover 17 states. If you appear in a state or a town once and do not come back again, surely there is a risk that you will have a very limited impact. Do you feel that there is a risk of that?

Robin Naysmith: There is a risk of that. When I mentioned the value of a long-term investment and how long it takes to build up relationships, I meant that it is quite easy to meet a lot of people once, but it is more difficult to go back and have a second conversation and turn it into something of real value. That is part of the challenge, and it is why joined-upness—if I can use that term—is important. We must use team Scotland to spread ourselves more widely.

Danny Cusick mentioned that SDI has offices in six locations across North America. By working through those offices more effectively, as we have been doing, we can spread ourselves better. In some of the places that we go to, the follow-up prospects may not be particularly good. As I said, it is partly about a reactive approach. When I have been invited to speak in various places, I have made a judgment about whether that would be a worthwhile thing to do. Sometimes that has led to further activity and other times it has not. That is the nature of prospecting, which, in part, is what we are doing.

Bill Wilson: Let us take a specific example. You mentioned Chicago, which is a fairly major city, so there must be a great deal of potential to do business there. It is one of the places to which you have branched out in the past few years, following

the criticism about overconcentration. Could you give us some practical examples of what your office has achieved in Chicago?

Robin Naysmith: One example that I can remember is from when Mr Mather was over in the States in 2008, primarily to support our efforts at the Ryder cup in Kentucky. From there, we went to Chicago, where he held some business meetings with SDI. In addition, we managed to effect an introductory meeting with Mayor Daley of Chicago, who has just announced his retirement, who is one of the legendary figures of municipal politics in America. We managed to combine some business, some cultural promotion and some political engagement.

We have done a number of similar things. We had a diaspora reception in Chicago. There is a significant community of Chicago Scots, who we work with quite a bit. I would have been in Chicago later this week, had it not been for the fact that I am here instead, because another major event is happening in Chicago at the end of the week. We have combined business, culture and working with the diaspora.

Bill Wilson: So that I am clear on this—I do not want to misunderstand—since 2008 you have had the Jim Mather event and the diaspora event. Have you had other contact, or are those the only two things that you have managed to get into? How many times have you or people from your office been in contact with or dealt with Chicago? I want to get a clear idea of whether it is possible to follow up consistently, or whether your staff are so limited that it is very difficult to keep following up on a contact or a link.

Robin Naysmith: Off the top of my head, I cannot tell you exactly how many times I have been to Chicago, but it is a good example for the reasons that you mention. There is a high concentration of population and there is a rich Chicago Scots community.

The example that I mentioned was only one ministerial visit. The First Minister has also been to Chicago. I was in Chicago, probably three weeks ago, at the Scottish American leadership conference, which brings together Scottish American diaspora organisations from all over America. The conference met last year at Queen Margaret University in Edinburgh as part of homecoming, but it usually meets just outside Chicago. I attended and spoke at that conference two weeks ago. That was probably the sixth, seventh or maybe eighth time that I have been to Chicago in three years.

Chicago is a good example and it is a contact that we follow up fairly frequently. It is always on the list of places that ministers might visit if they

have the time to go beyond Washington and New York.

The Convener: May I ask about contacts with other areas? If Alex Neil were here, I know that he would raise a matter that he mentioned the last time that we spoke to you, so I will ask the question on his behalf. He spoke about the possible synergy between the aerospace agency here in Scotland, centred around Prestwick, and Seattle. You said that you would take that into account and review whether there were possible opportunities there, given that you were new to your job. Have you evaluated that suggestion? Has any progress been made? I will certainly report back to Mr Neil.

Robin Naysmith: I am sorry that Mr Neil is not here to ask the question himself, but I have an answer for him. When I was in Seattle with the Deputy First Minister during Scotland week 2009, we went to Boeing, which has, I think, the biggest indoor space in the world. We also went to Microsoft and another major company—I cannot remember which one. We very much took that steer, we incorporated that location into our Scotland week programme and we took the opportunity, with SDI's support, to visit some of the biggest companies in the world, which are located in Seattle.

The Convener: Might other opportunities follow on from that? Is that where you do the joined-up working? Can Danny Cusick pick up on that?

Danny Cusick: Absolutely. Seattle is a key market for us. Staff from our office in San Jose are up in Seattle and Washington state regularly. One member of our staff was up there last week.

Robin Naysmith is right. We are one of only two agencies to have a technology ventures alliance with Boeing whereby, in essence, we can showcase leading-edge Scottish companies to Boeing. That alliance has been developed and it has come out of a concerted effort to generate more bilateral activity in that specific area.

Next year we will bring over to Scotland an international trade delegation from Seattle, so about 80 to 100 of the top chief executive officers in the state and some key politicians will come to Scotland. Every year they do a world trip—this year it is to South Korea and next year it will be to Scotland. We will showcase Scotland's technology offering across a wide range of activity, which will match the make-up of the Seattle delegation. They will visit Edinburgh, Glasgow and a host of partners as well as the chief scientific officer, whom we have already put into the programme. It is about developing those links, strengthening them and taking the initiatives forward.

11:45

The Convener: My deputy convener is wondering where that will be held.

Danny Cusick: It will be held between Glasgow and Edinburgh—

The Convener: In the middle?

Danny Cusick: —and all points between. It will be a touring delegation. We are working on the programme and are excited about our ability to generate the programme. The event is very prestigious—the delegation will be made up of top businesspeople who look at all the major markets across the world. For next year's activity, they have decided that Scotland is a good place to come to and potentially to do business in.

The Convener: A few colleagues have questions.

Bill Kidd: I owe a debt of gratitude to the Scottish affairs office because I received a pass for the United Nations earlier this year when I had some business to conduct there. The Scottish affairs office managed to arrange that through the United Kingdom embassy, which solved a big problem.

Team Scotland, which was mentioned earlier, includes the Scottish Government, Scottish Enterprise, SDI, VisitScotland, the National Archives of Scotland, Historic Scotland and Creative Scotland. Although the Scottish affairs office will not necessarily be involved in constantly visiting Chicago or any other point in the US, is it the case that one or another of those bodies that have been introduced by the Scottish affairs office or that have used the office as a point man will be operating in other cities and states in the US? Although, unsurprisingly, most of the work will be carried out in New York or Washington, will the options for further work to be carried out elsewhere in the United States, whether it be business, trade or culture, be facilitated by the Scottish affairs office?

Robin Naysmith: That is absolutely right. The states that I listed are states in which my office has, in one way or another, facilitated activity. If we had included all SDI's travels, it would have pretty much added up to 49 of the 50 states. I was specifically thinking about those states in which we have facilitated or taken part in activities. However, your point is right. It is not about whether my office is there in person but about Scotland being there and having a presence in some way or other. The objective of the office is not to increase the amount of travel for me or my staff; it is to facilitate more opportunities and introductions, and to open more doors in more places.

The Convener: How do you filter all the invitations that you get? What are your criteria for deciding which to accept and where to go? Is it down to intuition?

Robin Naysmith: It is a combination of some practical things. If the location is a long way away, the first thing that I have to consider is whether I can put together a worthwhile programme of activities rather than one event. It would not be responsible or economically sustainable for me to fly to the west coast to do a single event. It is as far to fly to the west coast from Washington as it is to fly to Scotland. I would ask whether the event will have some value for Scotland's profile, or for developing a relationship. Is it in a geography that has other potential opportunities? Can we put together a programme that makes the trip worth while?

Secondary, but not insignificant, considerations are whether it will cost us money or whether we can piggyback on others. We are quite shameless about that. We are very happy to take part in activities that other people are organising at their expense. That is just the sensible thing to do. The decision is made based on a combination of those factors.

The Convener: I noticed that you participated in the Las Vegas international Celtic festival, which was a kind of bagpipe event on the strip. Did we take advantage of the opportunity to have others pay for that, or was it part of a wider strategy?

Robin Naysmith: Absolutely. It is potentially quite a remarkable development—we have yet to see whether it will come to fruition. If you have ever been to Las Vegas, you will know that they do everything bigger and better there and, when Las Vegas decided that it was going to do Scotland, it seemed only right to find out a bit more about it and determine whether there were opportunities for us. The organisers are working on an international Celtic festival that they hope to kick off in April next year, but they had a media kick-off event in April this year, which was designed to stimulate interest. Your description is accurate. They did it in some style on the strip with the mayor of Las Vegas and television cameras. It was the sort of event that could happen only in Las Vegas. Think about the millions of people who visit Las Vegas every year. It is a high-profile opportunity and it did not cost us much to be alongside it.

The Convener: So they paid for it, did they?

Robin Naysmith: There are limits to what I, as a civil servant, can accept by way of hospitality in the same way that members of Parliament have to consider what they can accept. We did not construct the event; they did.

The Convener: That sounds a bit ambiguous.

Ted Brocklebank (Mid Scotland and Fife)

(Con): Gentlemen, I am still trying to get my head round your respective roles and will try to drill down into more of the outcomes that you can identify.

Mr Naysmith, at the beginning of our discussion, you talked to us about the number of cultural events that you had been to in the Washington area and Philadelphia involving organisations such as the Scottish Chamber Orchestra. I was waiting for you to say later in your answer that, as a result of that, you were now talking with this or that firm or that such and such a business would come to Scotland.

Let us use Aberdeen Asset Management holding its reception in Philadelphia as a specific example. Can you identify anything that Martin Gilbert and his team got out of that?

Robin Naysmith: Aberdeen Asset Management is trying to raise its profile in the US responsibly. That is part of the reason why it chooses to sponsor events there and sponsors quite high-profile events in this country. Part of my reason for meeting Martin Gilbert's American office was to understand better what its objectives were in the US and Canada, explain a little bit about what the Scottish Government's objectives were and explore whether there were any potential overlaps—things that we could do together that would serve both the interests of the company and those of Scotland's promotion in the US.

That meeting was an exploratory discussion. It would be wrong of me to say too much more about any of the specifics, but we had a useful discussion about some potential future collaborations. There is a bit more work to be done between us to see where that leads. However, I am optimistic because I got positive signals from the people from Aberdeen Asset Management and they were keen to work with us. I am optimistic that, at some point in the future, we will do some collaborative work.

In the meantime, Aberdeen Asset Management is sponsoring a number of activities with various diaspora organisations for worthwhile causes. Part of what the company got out of that meeting was my sense of what was a good place to spend its energies and, obviously, some of its money and what areas it might want to give a pass to.

Ted Brocklebank: Did you then phone Mr Cusick the following day, tell him that you had had an interesting orchestra visit the previous night at which you had talked about a number of things and suggest what his organisation should look into and how to carry the discussion on so that you could get some outcomes out of it?

Robin Naysmith: It was appropriate to do so. In fact, the introduction to Aberdeen Asset

Management came through Danny Cusick's office in the first place, so it worked the other way round. However, before we progressed to any specific project with that company or any other, we would talk about that.

I was in Atlanta quite recently on a different excursion and met a number of businesspeople there. I have talked to Danny about how we can follow that up and try to exploit some of the connections that I made when I was down there.

Ted Brocklebank: Mr Cusick, you mentioned OTC. I went on what I think was the first visit from Scotland to OTC in 1974. A young man called Ian Wood went on that trip and he is now probably the biggest person in oil and gas in Scotland. That is another matter.

I note that you are particularly responsible for relations with South America. Can you tell us a little more about how Scottish expertise in and knowledge of offshore drilling are being promoted in places such as Brazil?

Danny Cusick: Yes, I can. Our exhibition and mission programme focuses quite strongly on South America. The focus is almost exclusively on oil and gas, to which our deep-sea offshore drilling expertise can be added. This year, we have been to Mexico and Brazil, and two further missions are planned for early next year. We have been to the Brazil market for the past nine years. We have taken groups of companies out there, and we have taken groups of companies to Mexico for the past seven years. We have strong relationships with the major oil-producing corporations in South America—with Pemex in Mexico and Petrobras in Brazil. We know the landscape extremely well, we have built up those relationships over the years, and we have seen real business coming out of that. That is very much part of our portfolio and strategic direction, and we will continue to look at that approach.

I came back from Mexico earlier this year. We used to have a joint resource that we funded in conjunction with UK Trade and Investment. We had a full-time person in Brazil and a full-time person in Mexico to facilitate activities, but that arrangement is no longer in place. I was in Mexico to look at what we need to do in the future. We work closely with our UKTI colleagues not just in South America but across the Americas. We have six offices and 30 people, whereas our colleagues in UKTI have 30 offices and around 300 people. Therefore, UKTI has a far bigger footprint than we are able to have. Part of my job is trying to leverage its resources.

South America is therefore very much part of our activities and focus, and it will remain a key area for our focus as we try to exploit the opportunities in the oil and gas sector.

Ted Brocklebank: We have investigated trying to do business in China and India. I am a little bit concerned about concentrating on the United States and Canada. Perhaps we should focus much more on Houston, Calgary, Brazil and other places where we can share our genuine expertise and do business, rather than taking what appears from what you have said to be a scatter-gun approach. Perhaps I am being a bit unfair about that, as we have not gone over and taken evidence on the ground, but it appears that we are trying to deal with the whole of the United States with limited resources.

Danny Cusick: I think that we take a very focused approach that is based on a couple of factors. One is our key sector expertise and whether we believe that there is competitive advantage for Scotland in an area, and the other is relative prioritisation. We cannot cover all the States. We have an office in Houston specifically because of the opportunities primarily in the oil and gas sector there.

You mentioned Calgary and made a good point. I am just back from Calgary. We need to have more activity there. I have spoken with our UKTI colleagues as part of team Canada and had early discussions with Robin Naysmith about that. I believe that we will take some of the UKTI's presence in Calgary so that we have at least some presence there. We can staff that once we get the full complement of people in Canada.

We do not take a scatter-gun approach; rather, it is focused. The focus must be where the sectoral opportunities provide themselves. The oil and gas sector is very different from life sciences; we have to focus primarily on the east coast and parts of California if we are going to penetrate that marketplace. Electronics are generally on the west coast, so we have to focus on the business there. There are odd bits in between.

We will look at our activity, but it is based on the key geographical parts of the States and the parts of the Americas in which we believe we can get the biggest return on our investment and exploit the best opportunities. Our approach is very focused even if that does not come across.

Ted Brocklebank: Thank you very much.

The Convener: Do you work in the same 17 states that Robin Naysmith works in, or are your approaches different?

12:00

Danny Cusick: The easy answer to that is that we will work wherever there is an opportunity for us. Our offices are based strategically according to where the Fortune 500 companies are concentrated. That is our natural audience or

client group for foreign direct investment. We do not have an office in Nevada or Arkansas and there are no plans to have offices there. We have the offices in key conurbations where we believe that they can access and penetrate those potential marketplaces as much as possible.

Equally, with respect to our trade activities, we will take companies out to the marketplace in key sectors in key locations. For companies that are involved in oil and gas, the three main locations of our activity are Houston, South America and Canada—primarily Calgary, although, as part of our renewables programme, last month we had a group of Scottish companies travelling in Nova Scotia to see the exploitation of renewables there.

This year, we brought 23 or 24 organisations that are involved in life sciences, including some of the universities, to a major event that was held in Chicago. As part of that activity, we built a specific programme, which we bolted on, which included global Scots. It also involved the expertise of our colleagues from Scotland who came out to interface with key potential investors.

That is the general strategic approach. It is very much a strategy and a focus, not a plan in place. The key thing is that we continue to develop that, to try to maximise our resources and to match them up with where there are existing and emerging opportunities. On the emerging opportunities side, we will at some point have to focus on the opportunities that markets in South America will provide in future.

The Convener: You have demonstrated that you feel that SMEs have an important contribution to make, which is echoed by our Economy, Energy and Tourism Committee's report. If I were an SME in Scotland with an idea and were looking to access a US market, would it be open to me to come to you? I think that there is perhaps a feeling that SDI deals with the big companies, such as the oil and gas companies.

Danny Cusick: Absolutely. Our key constituent companies are the SME base, which is where we need to develop the capacity and the capability.

We have fairly limited resources in-country—we have 30 people—but there are 230 people in total in SDI. Only 100 are overseas; 140 are based in Scotland. Our colleagues in Scotland are based throughout Scotland, through the Scottish Enterprise and Highlands and Islands Enterprise offices. There is local connectivity there. I would encourage any company, whether an account or client-managed company or a relationship-managed company, that is genuinely interested in any international market to make contact with our local offices.

We are at the delivery end of the activity—we deliver in the marketplace. However, SDI can

assist not just in coming out to market. It is about the companies' preparation before they get to market, raising their market awareness and providing other inputs, products and services. It is far better for a company to talk to our colleagues in SDI to ensure that they have done the right preparation and have the right market knowledge, the right strategy and the right capability. We will build that capability in Scotland and then get the companies as well prepared as possible for coming out to the marketplace and making a difference.

I know that I speak on behalf of the entire organisation when I say that we are very keen to engage with all our clients and all our companies to do whatever we can to contribute to building that capacity.

Patricia Ferguson (Glasgow Maryhill) (Lab): Good morning, gentlemen. Mr Naysmith, I want to take you back to the 17 states that we have been talking about. Has the engagement with those states been to an extent accidental, in that it was a result of opportunities or events to which you could add value or from which you could get value, or were those states chosen deliberately?

Robin Naysmith: As I said in response to Mr Wilson, it is a combination of both. I am sorry that, in an attempt to explain the extent to which we have extended Scotland's reach, we have given the committee the impression that the approach is haphazard, because that is not the case. Our US plan sets out some specific objectives and, as Danny Cusick mentioned, an integral part of it is to work in key sectors where we believe we have particular opportunities and advantages. Our primary consideration is whether the geography will fit with those objectives. In other words, can we pursue one or more than one of our objectives through the particular geography concerned?

There are also unplanned opportunities that arise, and judgments are made about whether, on balance, it is a good use of time to take them up. In aggregate, that happens to add up to a larger number. I was merely responding to the point that was made in 2008 about the fact that we did not appear to be doing anything outside New York and Washington. We are, but we are doing so with a purpose, either linked to the plan or linked to a particular activity where there is a potential investment that will pay off for Scotland in the short or longer term—we might not know which at the time. We make judgments about whether to pursue such opportunities. In trying to be credible and to raise Scotland's profile, we do not confine our activities to Washington and New York. It is a combination of both approaches.

Patricia Ferguson: If you were to come back to the committee this time next year, would you expect that number of states to have increased?

Do you think that you would have consolidated the work that is being done from your office in the states where you have already established some kind of relationship?

Robin Naysmith: The number might increase, but probably by a relatively small amount. Among that number are states where we do a lot of business. Danny Cusick's office is located in Massachusetts, and there is a lot of business in the Boston area. We have already spoken about Chicago and Texas. I would expect us to do more activity in California and the west coast. Tennessee and North Carolina are also places where we have some connection. I would expect repeat visits.

I would not have predicted previously that colleagues would be in Oklahoma this week. It is possible that something could come up in the next 12 months that takes us to Wyoming, for instance. However, the chances of that number of states increasing substantially are limited, and we will probably do exactly as you have said—consolidating and going back to the same places, because that is where the opportunities lie and that is where the priorities lie for us. That is where we can best meet our strategic objectives.

Patricia Ferguson: I will take you on to another area where there has been some development—in the establishment of a caucus in each part of the American Congress. What work do the members of those two caucuses do to promote or encourage interest in Scotland? What do they see as their role?

Robin Naysmith: It varies. Caucuses in the House of Representatives are of variable size, and exist at various levels of activity. At one extreme, for some subjects, they are heavy lobbying bodies; in other areas, they are more cultural and involve the celebration of a relationship. The nature of our relationship with the US and of the Government's relationship with the US Government is such that we do not have many opportunities for lobbying—nor do we have a great deal of need. There are other opportunities and channels that we can use if we need to do so.

However, I will give you one example. A couple of years ago, the Library of Congress decided that it would reclassify Scottish literature as English literature. We were somewhat surprised by that and, through the offices of Congressman Mike McIntyre, who is co-chair of the friends of Scotland caucus, we managed to lobby the Library of Congress to change that decision. That was a real output from that relationship.

There has been some helpful facilitation by members of the caucus. For example, I mentioned in my opening remarks that we were trying to develop a project in Texas around the Alamo. It

was through one of the members of the caucus that we were put in touch with the local civic authorities, the Alamo authorities and the local senator, who made it possible for us to make that event happen. They are there to be called on as and when we need them. It is a credit to their support for Scotland that they also turn up regularly for the events that we hold.

Patricia Ferguson: Do you have any connections in the National Conference of State Legislatures?

Robin Naysmith: On more than one occasion, the office has been to its main conference. The NCSL's conference took place in Washington earlier this year, when we were doing events elsewhere, but we have had contact with the organisation from time to time. Again through the caucus, we have slowly developed relationships with some local legislatures. One of the caucus members facilitated Fiona Hyslop's visit to the Tennessee state legislature during Scotland week this year, when it passed a declaration supporting tartan week. She was received on the floor of the senate at a combined meeting of the senate and the house. That came about through the caucus as well as through a connection with the NCSL.

Patricia Ferguson: Have we continued the connection with Tennessee? If so, what has come from that?

Robin Naysmith: We have. Congressman John Duncan, who is the other co-chair of the caucus, is from Tennessee. Until earlier this year, we did not have a particular reason to take a Scottish minister to Tennessee, although we had been to North Carolina and elsewhere. However, we took Fiona Hyslop to Nashville and Knoxville in Mr Duncan's constituency during Scotland week this year and did some cultural activities around establishing the link between country music and Scottish traditional music. Mr Duncan was helpful in facilitating that.

The Convener: One of the points made in the Economy, Energy and Tourism Committee's report is that the Scottish education sector has been hugely undermarketed overseas. Through your contacts with those 17 states, has there been an opportunity to look at that?

Robin Naysmith: Scottish education is one of our big assets to market for Scotland. The individual higher education institutions are proactive in that regard—Edinburgh, Glasgow, St Andrews and others have significant international marketing resources. A number of big conferences take place in the US; my office was represented at a very big conference two or three months ago. We also fund something called the North American recruitment group, which is a consortium of representatives of the different organisations

and is designed to help them promote their offering in the US.

The Convener: Are you looking at the Economy, Energy and Tourism Committee finding that the Scottish education sector has been undermarketed overseas?

Robin Naysmith: I am not sure that I am in a position to judge whether it has been undermarketed. However, the size of the market—the number of American students—is massive. There are more than enough American students to go round as far as Scottish universities and colleges are concerned. Having seen the nature of some of the higher education marketing activities that go on in North America, I think that there is more to be gained through collaboration between the different organisations than through competition. The funding mechanism means that there is something in it for individual organisations to compete for the students. My view is that we would do far better to get students to go for Scotland and then decide which university to go to, rather than for the organisations to compete with one another in America. However, that is a matter for Universities Scotland and others to consider.

12:15

Mr Frank McAveety (Glasgow Shettleston) (Lab): Thank you for your comments so far. If this was the world cup finals and we wanted to pitch for support from the USA in terms of the role that we can play, would we get out of the qualifying sections?

Robin Naysmith: I would like to think that, up against the right opposition, we would have a good chance.

Mr McAveety: That is a diplomatic answer. I am trying to get a sense of who our competitors are. I listened carefully to Danny Cusick and I believe there is a sustained effort on the part of SDI in relation to the role of both SMEs and larger companies, but who are we competing with? Also, what are they doing in 2010 that makes them a serious threat, whether they are dangerous wingers or goal scorers, in respect of the challenge that we need to face to ensure that Scotland manages to elbow its way through to the next round?

It is a tortuous metaphor but I thought it would liven things up a bit.

Robin Naysmith: I will let Danny Cusick answer the specific question about who our competitors are, but I preface whatever he is going to say by saying that one of our biggest challenges is a bit like the challenge that our national team faces, because it is about self-belief and convincing

ourselves that we should get out there and pitch in such a big market. That is partly what Danny's people are trying to do.

Danny Cusick: From a business perspective, the situation is highly competitive because we are competing with sides from all divisions. We are competing with premier league teams, which are the established, developed markets in other parts of the UK. I make no bones about the fact that, when I speak to my UKTI colleagues, I get paid to bat for Scotland. That is my job, and we will compete head on with any other region of the UK. We also compete with Ireland, which still has a fantastic product even though it has gone through difficult times, and we need to recognise that. We compete with other established European nations and, increasingly, with eastern Europe. We are now competing globally, including with emerging markets. We are competing with India and China on certain projects, and we need to be clear that our competitive advantage is very different from what those countries have to offer.

We are competing with sides from all divisions. It is a highly complex situation that we find ourselves in. However, I believe that we have a fantastic resource in the facilities and people that we have in team Scotland. It is a pity that the committee is unable to come out to the country to see it. I am totally convinced by the commitment of our people, our dedication, our complete professionalism and the depth and breadth of our activities. No other agency does the range of activities that we do. Most agencies concentrate on one area of business or one part of the ball game such as inward investment. No one does what we do across the entire spectrum of business and business development support, from trade development through exhibitions to inward investment.

Mr McAveety: As parliamentarians, we have a certain perception of Scotland week and other delegations that form part of our engagement with North America, and one thing that keeps coming back to us is that we have identifiers that people see as distinctively Scottish. I want to ask Robin Naysmith about the diaspora, which is a complicated one because people self-identify and so on. Do we have an action plan for targeting them?

It is clear that one of our main competitors is Ireland. It was interesting but tragic to hear on "Newsnight" last night that, once again, the vast majority of young Irish men and women would consider emigrating. There have been periodic bouts of emigration throughout Irish history—I am a product of one of those in a previous generation. However, it strikes me that Scotland is in a different position. How can we engage with the Scottish diaspora more effectively? Do we have an

action plan or do we just have a vague concept of a diaspora—about which some people have written well—that we are not nailing down? How can we encourage more meaningful engagement in Scotland's interests?

Robin Naysmith: I will try to answer that question. You are right to say that the Scottish diaspora is quite an amorphous concept. For the reasons that you have given relating to the timing and patterns of migration, it does not identify itself in the same way as the Irish diaspora does. Scots Americans are Americans and have integrated much more. However, they are proud of their heritage and curious about something that they do not have—history beyond 300 years ago. There is a huge amount for us to work with, but there is no typical Scots American—rather, there is a colourful mixture.

We have been trying to work out how to leverage the good will that exists into something tangible, whether it be business opportunities or visitors to Scotland. Last summer, there was a significant increase in the number of visitors on the back of marketing activity for the homecoming and the gathering.

A few weeks ago, the Scottish Government published a diaspora plan, which is about empowering the diaspora to connect with Scotland and getting a sense of what it wants from the relationship. The Government wants to get much cleverer at communicating with the diaspora—not just in the US—by taking advantage of social media, social networking and so on. It is looking not just at two-way but at three-way communication, to allow different parts of the diaspora to communicate with one another.

When I come into contact with diaspora groups, I see that they are frustrated by the lack of natural leadership and the fact that there is no single diaspora organisation to which they can relate. There are more than 1,000 organisations in the US alone, representing different local groupings. It is hard to marshal and to communicate with those groups. We hope to develop social networking media that will allow us to communicate with the diaspora, the diaspora to communicate with Scotland, and different parts of the diaspora to communicate with one another, so that they can find more commonality and common interest.

Our attempts to mine the potential for team Scotland involve looking for opportunities for conversion—identifying prominent diaspora Scots who also happen to be prominent businesspeople and might see Scotland in a different light if they were encouraged to look at the opportunities that are available. We should encourage the tourist side of their activities, especially ancestral tourism.

The role of the diaspora is a huge issue. Depending on the figures that you consult, there are anything up to 25 million Scots Americans with some sort of affinity for Scotland. This year I have attended two or three big Highland games in the States, which attract between 30,000 and 40,000 people on a weekend. That is astonishing. All those people have an affinity for Scotland. Everyone to whom you speak has been to Scotland and is keen to go again, has never been but wants to go, or has been but has not taken their family. There is the opportunity for rich pickings.

Mr McAveety: We have received information that the US Government has a specific economic envoy to Northern Ireland. I take the studied guess that that appointment may be related to the Good Friday agreement, but how does it contribute to the competition that we face, given that Northern Ireland's economy is structurally similar to Scotland's?

The refresh of Scotland week in 2007-08 was designed to relate the event to economic growth issues in order to tie it in with the Government's objectives in that area. Are there other ways in which it could be modernised? I confess that I have participated in Scotland week and have the feeling that bits of it are predictable and not that useful for everyone who is involved. The participants always seem to be the same. In what ways could Scotland week be modernised to make it much more meaningful and beneficial to our wider activities?

Robin Naysmith: As I said in my opening remarks, the long-term investment is important, as is the recognition that it takes a long time to get a return from that investment. When advising ministers, I would say that we have made a significant step in shifting the focus towards economic growth and engagement with the business community. It would be a big mistake to retreat from that or to allow the overall focus of the programme to become diluted by other attractive subjects. That could take us in the wrong direction, so it is important to keep focused on the business offering.

However, we are always trying to find new ways to encourage people to view Scotland, and that is where our cultural offering can be important. If leveraged in the right way, it can be a subtle way of introducing people to a different side of Scotland and, for example, of getting them to think about it in a more modern light. There is a big demand for our traditional hospitality and so on, particularly around Burns night, but continuing to selectively find the right kind of examples of cutting-edge cultural excellence will encourage people to sit up occasionally and say, "Hey! I didn't realise Scotland did that sort of thing."

Danny Cusick: It is hugely important that there is a strong business component to Scotland week and I am glad that that is the case. In 2008, we had something like 13 business meetings, but this year we had 25 business meetings and seven business receptions and we were able to influence 600 to 700 key decision makers in some of the biggest companies in the world, such as NCR, BlackRock, the Bank of New York Mellon and Pfizer. It is hugely important that our ministers are able to connect at the highest level with decision makers in those organisations in order to reinforce the importance of those organisations to Scotland and the importance of Scotland to those organisations. That is very much part of our wider engagement activity.

My staff regularly meet representatives of the key companies with whom we have relationships. However, they may meet not the CEOs of those companies but the operational staff. Scotland week provides a great opportunity for ministers to meet the key decision makers. It also helps us in relation to certain projects that we want to take forward and in situations in which we are having trouble gaining access to a company.

Mr McAveety: What about the point that I made about the envoy to Northern Ireland? Does Northern Ireland have a big influence?

Danny Cusick: Earlier this year Northern Ireland's First Minister and Deputy First Minister conducted a tour of the States and met business figures as well as the senior political figures. In the short term, I would say that Northern Ireland presents us with stiff competition on a number of fronts.

Sandra White: Robin Naysmith earlier mentioned Richard Lochhead's visit to the US, which ties in with the year of Scottish food and drink. You said that you would be lobbying politicians there. Later on, however—I think that it was in answer to Patricia Ferguson's question—you said that you do not have the ability to lobby on legislation. You do not have a direct input in the way that Declan Kelly has. Could you tell us more about that?

You said that when you are out and about you get ideas. We spoke to the Carnegie Council, which had approached you about presenting the Carnegie medals. One of the criticisms—Mr Speedie said that he did not mind me mentioning his name—was that there was never any feedback. Some of the agencies in America have said that although they had put forward ideas, there was no follow-through or feedback on them. If you cannot do this now, could you tell us in writing exactly what happens when someone approaches you with an idea?

12:30

Robin Naysmith: On lobbying, the point that I made to Patricia Ferguson was that normally we do not have occasion to use the friends of Scotland caucus to lobby, because we do not have much occasion to lobby. However, Mr Lochhead is going to the US next month and it just so happens that there are some issues with trade barriers in relation to Scottish food and drink produce that we will be taking the opportunity to raise with the US Administration. That example lends itself to that opportunity, but otherwise the opportunities are limited.

You asked about the people who write to us. I would like to think that, as far as possible, we respond as best we can to people who come to us with an idea. If I recall correctly, the opportunity involving David Speedie has not been lost at all. He suggested that the Carnegie medal ceremony might take place in Scotland some time in the next two or three years to mark a particularly important anniversary and that suggestion is being considered. It is not for us to decide, but consideration of it is on-going.

Sandra White: Has it been relayed to Mr Speedie that you are actively considering the suggestion or that you have passed it on? There seems to have been no contact.

The Convener: The important point that Sandra White is making is that you might know that action is being taken, but clearly others do not. It is about ensuring that that exchange of information takes place with stakeholders and partner organisations. That is the point that we wanted to emphasise to you, given some of the informal evidence that we have taken.

Robin Naysmith: The example that you raise is a very recent one. David Speedie might not know the outcome now, but that is because he made the suggestion only in the past few weeks. I am afraid that that is not a typical example.

The Convener: Unfortunately, we have run out of time. It occurs to me that there are a number of issues that we did not talk to you about. Perhaps we could write to you to follow them up.

It has been a significant time since we have heard from you, Mr Naysmith. The committee has a responsibility to scrutinise international engagement. How could we put in place better monitoring and audit of some of the work that is happening? Perhaps that will be part of our inquiry and our engagement. Do you send regular reports back to Scotland? I know that Susan Stewart told the committee that she sent monthly reports back and she did not see any reason why those could not be copied to the committee. Is there a similar system in place for you?

Robin Naysmith: I report regularly to Edinburgh on what I am doing, as anyone else in the Scottish Government would do. I do not produce a routine monthly report as such, although when there are a collection of events that I think would be of interest to people back here, such as the mid-term elections from earlier this month, I will produce a note to send back. It depends on the nature of the issues that I am dealing with whether there is any reason why the note could not be shared more widely. I guess that it might affect how I write it if I knew that it was going to a different audience. I am happy to look at other ways in which we could provide information to the committee and to come here whenever I am invited. I was here with the minister previously, but nobody asked me any questions. I have made up for that today.

The Convener: Is there anything that you would like to add, Mr Cusick?

Danny Cusick: From an operational point of view, we produce monthly reports. We feed into the overall SDI reporting mechanism. On the inward investment side, I prepare a monthly pipeline report that highlights inward investment cases.

On the trade side, we produce a monthly report that highlights the companies that we are working with from a Scottish perspective. We also produce monthly sector reports on our key sectors and the key activities that are being undertaken in our major geographical areas. That information is fed into the SDI management mechanism and I believe that it is discussed at the SDI management board quarterly.

The Convener: That is helpful. I thank you both for attending. It has been an interesting and informative session. The fact that we have run well over time shows that there was certainly a lot to discuss.

“Brussels Bulletin” Special Edition

12:35

The Convener: I would normally suspend the meeting to allow our witnesses to leave, but as we are running so late, I will move straight on to item 4, which is consideration of a special edition of the “Brussels Bulletin”.

Colleagues will recall that, for some time, we have wanted to ensure that we reflect the work of the European Economic and Social Committee. We agreed that we would have a special bulletin produced to outline some of the work that members of the EESC have undertaken. Ian Duncan has put together an extremely useful and informative bulletin. If members have no comments, I think that we should forward it to subject committees for information. Is that agreed?

Members *indicated agreement.*

“Brussels Bulletin”

12:36

The Convener: That takes us on to consideration of the regular “Brussels Bulletin”. It is a special anniversary, as it is the 50th edition of the publication. I notice that it is in colour, too. It includes updates from David Martin and Ian Hughton on their work.

Do colleagues have any points to make?

Patricia Ferguson: There is a note on page 4 of the bulletin about the European Commission’s fifth report on economic, social and territorial cohesion, which was published last week. I understand that that marks the start of a process that will involve a public consultation, which is to close at the end of January. Perhaps we could look at that. I realise that we have many other things on our agenda, but I wondered whether the committee normally considers such reports.

The Convener: That is an important point. I have already spoken to Ian Duncan about the matter and he is to produce a report for us. We will try to fit in consideration of that report, possibly in December. I agree with you and have requested a hard copy of the document from the Commission so that I can have a detailed look at it. That is something that we should keep a watching brief on.

I draw to the committee’s attention the fact that the European Commission’s work programme for 2011 has been produced. Colleagues will recall that consideration of the work programme is part of our early warning system on the Commission’s legislative proposals for the coming year, so Ian Duncan will produce a full report on that for our meeting on 14 December. Such consideration is part of our new scrutiny process, which will enable us to highlight to committees anything that we think is important and relevant in the Commission’s work programme. It might have been in that context that I read that Ian Duncan was going to produce something on economic and social cohesion. We will have a report on that, because it is important.

Does the committee agree to forward anything that comes out of that to the relevant committees?

Members *indicated agreement.*

Cross-Border Health Directive

12:38

The Convener: Item 6 is consideration of an update on the cross-border health directive, on which colleagues will be aware that we agreed to keep a watching brief. The update is useful and reflects the work that is being to done by the European Parliament and the European Council to reach agreement on the directive. I propose that Ian Duncan keep us up to date on how that work develops and the next steps on the agreement of a joint text. Are colleagues happy with that? I think that we should refer the update to the Health and Sport Committee, which asked us to keep it up to date on the issue.

Scottish Government Transposition Report

12:39

The Convener: Item 7 is consideration of the latest in a series of regular reports from the Scottish Government on transposition of EU legislation. It is important to note that the previous report said that the transposition of nine directives was outstanding, whereas this time only two are late. On one of them, the transposition deadline has been missed by a substantial amount. I guess that we would want to write to the minister for an assurance that the relevant regulations will come into force, as planned, on 17 December. If the Government is not on track with that, we should be told. Do members agree to do that?

Members *indicated agreement.*

Bill Wilson: I think that one of the relevant sets of regulations is in my folder for tomorrow's meeting of the Rural Affairs and Environment Committee. I would have to check the number, but it looks quite familiar.

The Convener: Okay. We will note the report and write to the minister about the late transposition.

We have already agreed to take items 8 and 9 in private. I will suspend for a moment while the public gallery is cleared. I thank members of the public for their attendance.

12:40

Meeting continued in public until 13:04.

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice to SPICe.

Members who wish to suggest corrections for the revised e-format edition should mark them clearly in the report or send it to the Official Report, Scottish Parliament, Edinburgh EH99 1SP.

PRICES AND SUBSCRIPTION RATES

OFFICIAL REPORT daily editions

Single copies: £5.00

Meetings of the Parliament annual subscriptions: £350.00

WRITTEN ANSWERS TO PARLIAMENTARY QUESTIONS weekly compilation

Single copies: £3.75

Annual subscriptions: £150.00

Available in e-format only. Printed Scottish Parliament documentation is published in Edinburgh by RR Donnelley and is available from:

Scottish Parliament

All documents are available on the Scottish Parliament website at:

www.scottish.parliament.uk

For more information on the Parliament, or if you have an inquiry about information in languages other than English or in alternative formats (for example, Braille, large print or audio), please contact:

Public Information Service

The Scottish Parliament
Edinburgh EH99 1SP

Telephone: 0131 348 5000

Fòn: 0131 348 5395 (Gàidhlig)

Textphone users may contact us on **0800 092 7100**.

We also welcome calls using the Text Relay service.

Fax: 0131 348 5601

E-mail: sp.info@scottish.parliament.uk

We welcome written correspondence in any language.

Blackwell's Scottish Parliament Documentation

Helpline may be able to assist with additional information on publications of or about the Scottish Parliament, their availability and cost:

Telephone orders and inquiries

0131 622 8283 or

0131 622 8258

Fax orders

0131 557 8149

E-mail orders, subscriptions and standing orders
business.edinburgh@blackwell.co.uk

Blackwell's Bookshop

**53 South Bridge
Edinburgh EH1 1YS
0131 622 8222**

Blackwell's Bookshops:

243-244 High Holborn
London WC1 7DZ
Tel 020 7831 9501

All trade orders for Scottish Parliament documents should be placed through Blackwell's Edinburgh.

Accredited Agents

(see Yellow Pages)

and through other good booksellers

e-format first available
ISBN 978-0-85758-181-5

Revised e-format available
ISBN 978-0-85758-365-9